New South Wales, the virtuous counsels of Sir Otto Niemeyer had been followed, dividends on Government stock all paid, and disaster averted.

Momentary exaltation was caused by President Hoover's proposal for a year's moratorium on war-debts, but the relief thus afforded proved short-lived. The French Government haggled over the terms of the moratorium, still convinced that a bankrupt Germany would be weak and defenceless; and a conference in London was unable to reach any conclusion, and dispersed without any more tangible result than a Standstill Agreement.

Standing still was the one impossibility. Important European banks closed their doors, and rumours were current that money was being withdrawn from London in alarming quantities, frightened away, it was contended, by the growing insolvency of the Unemployment Insurance Fund. After Snowden's solemnly delivered warning about the grave condition of the national finances, some action had been called for, and, inevitably, yet another Commission of Enquiry had been set up, with, for chairman, Sir George May. The publication on July 31, 1931, of the Report of this Commission, anticipating a Budget deficit of .£120,000,000 the following spring, and recommending economies totalling ^£96,578,000, including a twenty per cent cut in unemployment pay, accelerated the withdrawal of money from London. The Bank of England borrowed from France and the United States to meet this drain on its resources; soon exhausted what had been borrowed, and asked for more. More

was not forthcoming. The Government were faced with an empty till.

It was on a warm August evening that the Cabinet met at 10, Downing Street, after their deliberations adjourning to the garden, there meditatively sitting while darkness came on, a little bewildered group, one woman among them, Miss Margaret Bondfield. Perhaps the situation which had arisen was sufficiently complicated, yet to them at that moment it seemed simple enough—money was required and they were expected to find it.